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Trade Policy Monitoring

Import Duties on Tropical Oils

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Report Highlights:

Bulk imports of palm, coconut (copra), and palm kernel oils and their fractions will be duty-free for a 9-month period starting on September 12. The duty remains unchanged on these oils in packages smaller than net-weight 200 kg, with a duty of at 15 percent of its customs value, but not less than 0.12 euro/kg for palm oil, and 5 percent for coconut and palm kernel oil. The removal of duties on bulk imports of tropical oils will create favorable conditions for the growing domestic production of soap, detergents, cosmetics, and similar products.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Moscow [RS1]
[RS]

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Executive Summary

On July 12, 2007, the Russian Government issued Resolution #435, "On Amendments to the Customs Tariff of the Russian Federation Concerning Some Types of Tropical Oils". The resolution made amendments to Category 1513 of the Foreign Economic Activity Custom Codes of the Russian Federation (HS #1513 – coconut, palm kernel, or babassu oil and fractions thereof, refined or not, but not chemically modified), by lifting import tariffs on bulk shipments of palm (HS #1511), coconut, and palm kernel oils. The amendments do not apply to tariffs on imports of these oils in boxes, barrels, cans, or bins of net-weight less than 200 kg. Tariffs on smaller containers remain at 15 percent of the customs value for palm oil (but not less than 0.12 euro/kg), and 5 percent of the customs value for coconut and palm kernel oil. The previous tariffs on bulk palm oil and on all types of coconut and palm kernel oils were 5 percent of the customs value, and were among the lowest import tariffs on vegetable oils (GAIN RS 7042 *Oilseeds and Products Annual, 2007*). Despite low tariffs, imports of palm, coconut, and palm kernel oils have slowed. In the period from October¹ 2006 through March 2007² Russia imported 75,627 metric tons of coconut and palm kernel oils, a 1 percent decrease from imports in the same period last year. During the same period Russia's imports of palm oil, a substitute for coconut and palm kernel oils, dropped by 9 percent from 112,050 metric tons to 102,175 metric tons due to increased world market prices for palm oil, and Russia's special "mixed import tariff" on palm oil in capacities net-weight 200 kg or less that came to force in 2005³. Imported palm, coconut, and palm kernel oils are important ingredients for the rapidly growing domestic production of soap, detergents, cosmetics, and for production of some other industrial products, and in many cases these oils cannot be replaced by domestic sunflower seed oil production. Lifting tariffs on bulk palm, coconut, and palm kernel oils will maintain imports of these oils for industrial use, but is not expected to create competition for domestic sunflower seed oil in food products. The resolution will go into effect two months after its official publication, and the resolution was published in Rossiyskaya Gazeta on July 12, 2007. Thus, the amendments are expected to go into effect in the mid-September.

New Scheme of Codes and New Tariffs on Palm, Coconut, and Palm Kernel Oils

The table below shows changes in the scheme of tariff codes⁴ for coconut (copra), and palm kernel or babassu oils, and new tariffs on imports of palm oil for technical and industrial use (codes for palm oil are not changed), and on imports of coconut and palm kernel oils.

1 Marketing year for oilseeds in Russia begins in October.

2 Official customs data are available only through March 2007

3 GAIN RS 5076 *Palm Oil Duties*

4 Codes of the Customs Nomenclature of the Foreign Economic Activity of the Russian Federation (Russia's Tariff Code). These codes are close, but not identical, to the U.S. Customs' Harmonized Code Numbers.

Table 1. Changes in the Scheme of Tariff Codes and New Import Tariffs on Palm Oil for Technical and Industrial Use (from HS number 1511), and on Coconut (Copra) Oil, Palm Kernel or Babassu Oil (from HS Number 1513)

Tariff Code of the Russian Federation		Name of Products, New	Tariff, percent of the customs value	
Present	New		Present	New
1511		Palm oil and its fractions, whether or not refined, but not chemically modified		
1511 10 100 0		-- for technical and industrial use, except for production of products, used in food consumption	5	0
1511 10 900 9		--- other	5	0
1511 90 190 9		---- other	5	0
1511 90 910 0		--- for technical and industrial use, except for production of products, used in food consumption	5	0
1511 11 990 9		---- other	5	0
1513		Coconut (copra), palm kernel or babassu oil, and fractions thereof, whether or not refined, but not chemically modified		
1513 11 100 0		---for technical and industrial use, except for production of products, used in food consumption	5	0
1513 11 990 0	1513 11 990	---- other	5	
	1513 11 990 1	----- in boxes, barrels, cans and bins, net-weight 200 kg or less		5

	1513 11 990 9	----- other		0
1513 19 190 0	1513 19 190	---- other	5	
	1513 19 190 1	---- in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513 19 190 9	----- other		0
1513 19 300 0		--- for technical and industrial use, except for production of products, used in food consumption	5	0
1513 19 990 0	1513 19 990	---- other	5	
	1513 19 990 1	---- in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513 19 990 9	----- other		0
1513 21 100 0		--- for technical and industrial use, except for production of products, used in food consumption	5	0
1513 21 900 0	1513 21 900	---- other	5	
	1513 21 900 1	---- in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513 21 900 9	----- other		0
1513 29 190 0	1513 29 190	--- -other	5	
	1513 29 190 1	---- in boxes, barrels, cans and bins, net-weight 200 kg or less		5

	1513 29 190 9	----- other		0
1513 29 300 0		---- for technical and industrial use, except for production of products, used in food consumption	0	0
1513 29 900 0	1513 29 900	---- other	5	
	1513 29 900 1	----- in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513 29 900 9	----- other		0